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No. 78/176

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TO COUNTY ASSESSORS

CAL-VET LOANS--TRANSFERS FROM DEPARTMENT OF VETERANS' AFFAIRS
TO VETERANS UPON COMPLETION OF PAYMENTS

The question has been raised as to whether a transfer from the Department of Veterans' Affairs to a veteran who has completed payment of his Cal-Vet loan is a "change of ownership" within the meaning of Article XIII A, Section 2(a) of the California Constitution, such as to cause the reappraisal of the veteran's property as of the date of the transfer.

Our legal staff has advised that such transfers should not be regarded as changes of ownership but rather, they are transfers of bare legal title to existing assessees for the purpose of perfecting title to their respective properties and as such, do not give rise to an assessor's reappraisal of such properties.

As you know, Section 110.6, as added to the Revenue and Taxation Code by Stats. 1978, Chapter 292, and as amended by Stats. 1978, Chapter 332, defines "change of ownership" quite broadly, but it excepts therefrom the transfer of bare legal title and it excludes therefrom, among other things, any transfer to an existing assessee for the purpose of perfecting title to property. While the provisions of the Military and Veterans' Code pertaining to Cal-Vet loans are peculiar to that home-farm purchase program, a veteran in possession of land under an executory contract of sale with the Department of Veterans' Affairs acquires equitable title and right to possession and is, for all purposes, the owner of the property. The Department retains mere legal title (Eisley v. Mohan, 31 Cal. 2d 637). Thus, when the Department transfers title to property to a veteran upon the completion of his loan payments, the Department is merely transferring bare legal title to the veteran/assessee for the purpose of perfecting title to his property, and, by statute, such a transfer is not a "change of ownership".

Sincerely,

Verne Walton, Chief
Assessment Standards Division

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